CITY WIDE IMPLICATIONS

CITY OF HAMILTON

PLANNING AND DEVELOPMENT DEPARTMENT
Downtown Renewal Division

Report to:	Mayor and Members Committee of the Whole	**Submitted by:**	Lee Ann Coveyduck General Manager
Date: **File:**	February 14, 2003 1400-2	**Prepared by:**	Ron Marini, Ext. 4178 James Goodram, Ext. 6109

SUBJECT: Our Downtowns and BIAs – 2002 Annual Report and 2003 Downtown Renewal Division Work Plan (PD03042) (City Wide)

RECOMMENDATION:

That Report PD03042 be received for information and that the relevant contents be made available through appropriate municipally-generated publications.

Lee Ann Coveyduck
General Manager
Planning and Development Department

EXECUTIVE SUMMARY:

Report PD03042 summarizes events, undertakings and developments that occurred during 2002 in our city downtowns as well as in the City's eleven (11) Business Improvement Areas (BIAs). The report also outlines the Downtown Renewal Division's accomplishments during 2002 and lays out the Division's 2003 work plan. The information contained within this report will be used to create municipally-generated publications.

BACKGROUND:

The Downtown Renewal Division's objective is to foster excellence in development and to promote the rehabilitation and development of properties in the various downtowns of our community. The Division acts as a single point of contact for all Downtown matters. The Division's focus is geographically based as it is responsible for the Downtowns of the City and eleven (11) Business Improvement Areas of the City. Last year at this time, the Downtown Renewal Division presented Council with its first annual report. The

Division is not only committed to keeping Council apprised of Downtown and BIA developments as they present themselves, but also to summarize these developments on an annual basis. The Division also wishes Council to review the previous year's accomplishments and examine the Division's current work plan. The following narrative relates to what work the Downtown Renewal Division was involved in over the past year and what work the Division aims to accomplish over the next year.

2002 INITIATIVES AND ACCOMPLISHMENTS

While the Downtown Renewal Division spearheaded many successful undertakings in 2002, these accomplishments were not achieved in isolation. For the most part, the successful conclusion of issues resulted because of support and participation of various City Departments. The Downtown Renewal Division recognizes that Downtown issues are complex and are a delicate interplay of a variety of forces therefore requiring an interdisciplinary approach. In this regard, committees such as the Downtown West Harbourfront Co-ordinating Committee continued their work to co-ordinate municipal efforts.

The Long Range Planning and Design Division of the Planning and Development Department was successful in obtaining Provincial approval of the Hamilton Downtown Secondary Plan. Furthermore, the Long Range Planning and Design Division, together with the Transportation, Operations and Environment Department received the "2002 Excellence in Planning" Award from the Ontario Professional Planners Institute. The award was given in the category of Urban/Community Design for the Downtown Secondary Plan and the Downtown Transportation Master Plan. These plans constitute the framework necessary to guide new development in Downtown Hamilton and will continue to serve as a guide for public and private sector decision making.

Work continued within Downtown Dundas on the Hatt Street Urban Design study. The original design charette took place in September of 2001 to solicit ideas from the public on the future of Hatt Street. In February of 2002, staff held an Open House to allow the public to review and comment on the preliminary vision for Hatt Street. Staff continues to work on the plan for this street which will incorporate design and transportation elements based on citizen input. A February 2003 final review of the proposed plan has been completed and a report will be presented to Committee in the first quarter (Q1) of 2003.

The Downtown Renewal Division issued three (3) Requests for Proposals (RFPs) in December of 2002. Two (2) of these RFPs were for the sale and redevelopment of two (2) downtown properties, one for 87-89 King Street East known as the "Kit Kat Building" and the other for 171 Main Street East which is being used as a parking lot. The third RFP is for the allocation of up to $7.5 million under the Hamilton Downtown Residential Loan Program. These RFPs will close in Q1, 2003 and recommendations to Council will follow.

The Downtown Renewal Division supported the City's eleven (11) Business Improvement Areas along with the Ancaster Village Core Advisory Committee. During 2002, Commercial Assessments were prepared for (five) 5 BIAs and will be forwarded

to Council for their review shortly. The BIA assessments were completed for Concession Street, Dundas, Ottawa Street, Waterdown and Westdale. Again, reports concerning the completed assessments will be prepared in Q1, 2003 for presentation to Committee and Council. In addition to the foregoing, Downtown Renewal staff, led by Hazel Milsome, supported the BIA umbrella group known as the Hamilton Association of Business Improvement Areas. Meeting on a monthly basis and chaired by Councillor Collins, the HABIA meetings serve as an efficient forum for information sharing among BIAs and present an opportunity to focus on issues of common concern.

In March, the Ontario Business Improvement Area Association (O.B.I.A.A.) hosted its 1st Annual Conference in Hamilton at the Royal Connaught Hotel. The Downtown Renewal Division was the Conference's major sponsor and the Hamilton Association of Business Improvement Areas (H.A.B.I.A.) sponsored the Gala Dinner. Downtown Renewal Division staff spoke at the Conference on how the City of Hamilton uses legislation under the Planning Act to create and offer loans and grants. Approximately 300 delegates attended the two-day event.

Staff from Downtown Renewal and the Small Business Enterprise Centre, along with the assistance of Mary Pocius, Executive Director of the International Village Business Improvement Area, organized the Business to Better Business Seminar in October. The event's program included keynote speakers Nick Markettos, Senior Advisor, Office of the Vice-President, (Research and International Affairs) speaking on "Hamilton's Biotech Incubator-A New Catalyst for Growth", and Marguerite Zimmerman, President of Zimmerman and Associates, speaking on "How to sell yourself...Better!". Approximately 320 people attended the event.

The Downtown Renewal Division co-ordinated the 2002 Property of Excellence Awards, an awards program designed to recognize the vital contributions individual property and business owners make to their local community through the continual upkeep and beautification of their buildings within Hamilton's Business Improvement Areas. The program culminated in a sparkling awards presentation at City Council in November. Winners from the participating BIAs were: Beira Litoral Café & Restaurant from the Barton Village BIA; Inmar Co. Ltd. (La Costa and Rude Native Building) from the Downtown Hamilton BIA; Booth Furniture & Interiors Ltd. from the Dundas BIA; Junction Café & Lounge from the International Village BIA; Cuts are Us from the Ottawa Street BIA; The Snooty Fox from the Westdale Village BIA; and, finally, the Junction Café & Lounge won the overall City of Hamilton award.

In 2002, work on the Downtown Database project was finally completed. The information collected in 2001 on each property within the Downtown Community Improvement Project Area was updated during the summer months. Property information includes: owner name, address, occupancy status (vacant or occupied), business name along with a single photo or multiple photos of the property. This database of information will form a part of a larger Economic Development initiative that will be launched in 2003. Ultimately, it is intended that this information be used as a basic tool to allow the Industrial, Commercial and Investment (ICI) Realtors to sell Downtown to the benefit of all.

The Downtown Renewal Division led a multi-disciplinary team comprising Planning and Development; Transportation, Operations and Environment, Community Services and Finance and Corporate Services Department staff to update a 10-Year Capital Budget Improvement Plan for Downtown Hamilton. This serves as a strategically-focused plan to spend public dollars to implement the public provisions of the Downtown Secondary Plan and the Downtown Transportation Master Plan. This plan is an implementation feature that Council uses to direct downtown improvement and investment.

The Long Range Planning and Design Division led a mobility street improvement plan exercise for sections of Bay, James, John, Hunter, Cannon, Hughson and King William Streets. This work involves the participation of Downtown Renewal Division staff. Designs for Bay Street are the most advanced since the improvements are scheduled for completion ahead of the World Cycling Championships and the opening of the new Federal Building in 2003 (pending Superbuild funding). Preliminary design concepts depicting wider sidewalks, additional trees and safer intersections are among the improvements that were illustrated in full-colour drawings at an open house June 25, 2002. Work continues on these plans.

The Downtown Renewal Division worked with the Economic Development Department in the preparation of an Economic Strategy for Downtown which has formed an important piece of the City's overall Economic Strategy.

2002 INITIATIVES AND ACCOMPLISHMENTS: DOWNTOWN/BIA PROGRAMS

Loans and Grants

The Downtown Renewal Division, in co-operation with various City staff, reviewed and re-assessed the loans and grants programs.

In summary, the refocused loans and grants programs have been redesigned to encourage the development of Downtown properties, the creation of new housing on a sustainable basis in Downtown Hamilton, and the upgrading of commercial properties within the eleven (11) Business Improvement Areas of the City of Hamilton. The Downtown Renewal Division staff made over 600 contacts and meetings with property owners and potential developers in relation to these programs.

The following represents a summary of major program and policy initiatives of the Downtown Renewal Division in 2002. The Division spent a considerable amount of the year refining and seeking the public's and development community's input relative to the creation and delivery of the following programs.

Enterprise Zone - Municipal Realty Incentive Grant Program

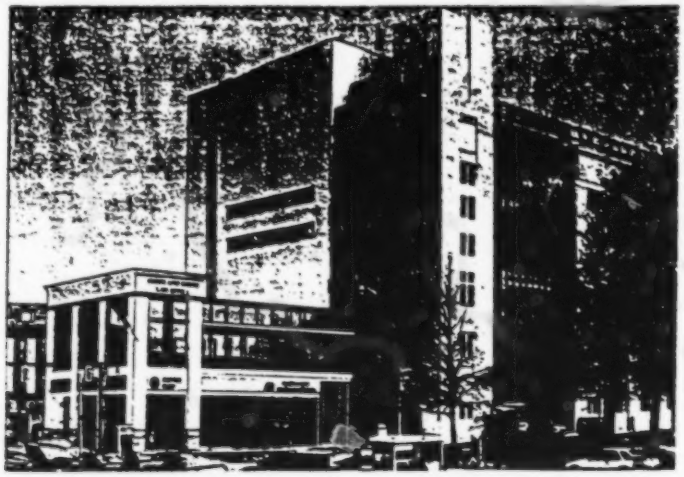
The intent of the Enterprise Zone Municipal Realty Tax Incentive Grant Program is to provide an economic catalyst for developing, redeveloping or renovating residential/commercial lands and buildings located within the Enterprise Zone.

This program authorizes for each approved grant application, a nine (9) year grant, the amount of which is subject to Council approval, in an amount not exceeding the increase in municipal realty taxes as a direct result of the development/redevelopment of the land and/or building. The grant which may be approved by Council shall be an amount which does not exceed 100% of the municipal realty tax increase during the first 5 years, 80% in year 6, 60% in year 7, 40% in year 8, and 20% in year 9. For purposes of determining the eligible amount of the increase in municipal realty taxes, special charges including B.I.A. levies shall be excluded from the calculation. The grant would reduce the effect of an increase in municipal (City portion only) realty taxes attributable to the differential between the pre-renovation assessment and the post renovation assessment.

Downtown Renewal Division staff implemented 3 (three) amendments to the program in 2002. The original program applied to 181 properties within the original boundaries of the Downtown Hamilton BIA and the International Village BIA. The BIA boundaries expanded in 2002 and as such the Enterprise Zone was amended so its boundaries mirrored those of the BIAs, thus encompassing 260 properties. Later in 2002, the program boundaries were expanded once more to the full limits of the Downtown Hamilton Community Improvement Project Area. This last expansion permits approximately 800 properties to be considered in this exciting program.

The third amendment and the truly groundbreaking and unique addition to the program is the provision for a limited assignment of the grant under the terms of the Program from a developer to the initial purchaser of each condominium unit within development projects jointly funded by the City under the terms of the Downtown Hamilton Residential Loan Program. The assignment of the grant does not apply to any subsequent re-sale of any such unit. The assigned grant shall be restricted to the balance of the five (5) year term running from the re-assessment date following the date of the registration of the condominium, and should be equal to 100% of the municipal realty tax increase resulting from the development or re-development of the property, calculated on a rateable per unit basis.

The Enterprise Zone Municipal Realty Tax Incentive Grant Program will be instrumental in providing an effective incentive for development and redevelopment initiatives within the Downtown core area. Six (6) property owners have made application under the terms of the program in 2002. The Downtown Renewal Division should be consulted for all the terms and conditions of the program and the foregoing was a brief summary of the program.



Enterprise Zone Application 25 Hughson Street

Hamilton Downtown Residential Loan Program

The Hamilton Downtown Residential Loan Program underwent a major overhaul in 2002. Downtown Renewal Division staff, together with a solicitor with an extensive corporate lending background, Finance Division staff and a group of key community developers worked over a number of months on the revised terms which were approved by Council in September 2002.

The new program saves taxpayers almost $1 million in interests costs, doubles the potential number of new residential units, allows for a wider range of prospective developers and projects and meets its objectives in half the time period. The development industry is supportive of the revised program.

The Hamilton Downtown Residential Loan Program provides a financial incentive to developers to assist with the costs of converting commercial space into apartments, construction of new apartments and assistance in the renovation of existing residential units. The program is also intended to provide assistance towards the costs of creating new residential units on vacant land.

Eligible existing buildings/vacant properties must be located in the Downtown Hamilton Community Improvement Project Area. Only class C/D commercial buildings with a pre-existing annual vacancy of not less than 20% are eligible. Vacant lands include properties developed as parking lots.

Acting as a lender, the City provides financial support for the program and ensures that development arising from the program within the Downtown is consistent with the principles and design themes contained within the Downtown Hamilton Secondary Plan.

The loan has been revised as an interest free loan for a maximum term of five (5) years and the principal is repayable in annual amounts of ten (10) percent, in twelve (12) equal monthly payments, of the original loan amount. Payments will commence one (1) year following completion of construction. The balance outstanding will be paid by a balloon

payment at the end of the five year term. The available loan is calculated on the basis of a maximum of $20 per square foot of habitable floor space.

Interest for the program has resulted in the available $10 million dollar line of credit being fully subscribed. The program has over 500 residential units committed for funding. A further potential $7.5 million line of credit may be available, of which $5 million was approved in 2002. A request for proposals has been issued in 2002 for developers wishing to take advantage of the program. The RFP is scheduled to close on February 14, 2003, following which funding recommendations will be made to Council.

Chateau Royale – 192 Units presently under construction

Business Improvement Area- Commercial Property Improvement Grant Program

Downtown Renewal Division staff responded to requests from members of the City's eleven (11) BIAs and revisited the terms of the Commercial Property Improvement Loan Program. Following a staff review and extensive BIA consultations, the program was changed to a grant program. Thus, the Business Improvement Area Commercial Property Improvement Grant Program was not only created but rolled out in 2002.

The grant program provides financial assistance for commercial property owners and owner-authorized tenants within the existing eleven (11) City-wide Business Improvement Areas (BIAs).

The program is designed to provide financial assistance for property owners/authorized tenants within each of the eleven (11) Business Improvement Areas across the entire City of Hamilton. The program aims to provide financial assistance for the improvement of the façades and entrance features of numerous commercial properties throughout the City. It is understood that smaller scale commercial activities contribute greatly to the economic vitality and health of the commercial sector within the City of Hamilton. This

program seeks to build upon these successes, and to create long-lasting physical and aesthetic improvements to the assets of commercial property owners as defined by the Business Improvement Areas.

Under the terms of the program, grants are available to properties within the BIA's, through a request for funding application. Applicants can apply for up to $15,000 on a matching grant basis to be used for exterior and some limited interior improvements. Eligible improvements include upgrades to façades, work such as signage, lighting, architectural detailing and façade repair work. Up to $5,000 dollars can be used for interior work associated with the entrance to the commercial use and the display areas associated with the principal entrances.

The delivery of the 2002 program resulted in 25 applications of which 24 applications were approved by City Council. The approved grants represent $187,000 or approximately 43% of the total construction value of $433,000.

Open For Business

The Open for Business program was created in 1996 and was developed in an effort by Council to show that Hamilton was "Open For Business". It encouraged development in the Downtown Core by refunding planning application fees, building permit fees and parkland dedications. In 2002, over $400,000 in rebates were issued for developments in the Downtown Community Improvement Project area and for residential projects extending from the Bayfront to the escarpment. Approximately $1 million in rebates have been granted to developers for projects in the downtown core since its inception.

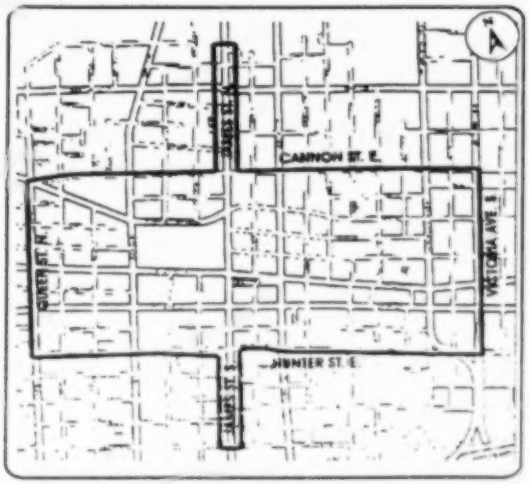
Clearly, the rebates issued to date under the terms of the program indicate that it was very successful and served its purpose in communicating that the City was "Open for Business". The program was concluded on December 31, 2002 and the funds previously allotted for this program will be allocated to the other innovative Downtown Renewal programs. To keep up the renewal momentum, the development charge exemption will continue under Hamilton's Development Charges By-law No. 99-118 which specifies that no Downtown projects will have to pay development charges.

2002 DOWNTOWN BUILDING ACTIVITY

2002 was an exciting year for construction activity in the various downtowns. Not only were new business ventures attracted to downtown Hamilton, but other developments were started in the area. The Downtown Renewal Division recorded the issuance of building permit results for Downtown Hamilton and other area Downtowns.

2002 Downtown Hamilton Building Activity

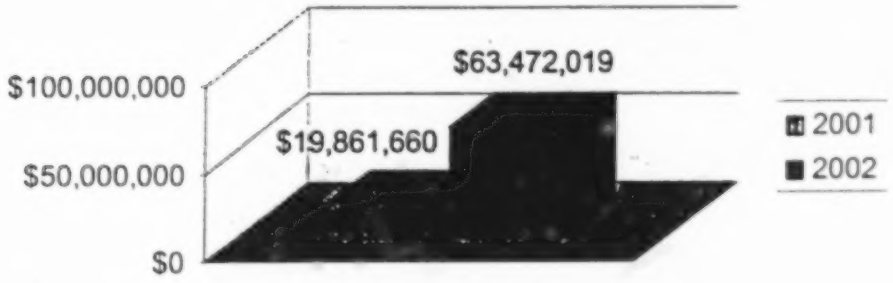
Building Activity statistics were collected for the Downtown Hamilton Community Improvement Project area. This area is bounded by Queen Street to the west, Victoria Street to the east, Cannon Street to the north, Hunter Street to the south and properties fronting onto James Street north to Liuna Station and south to Charlton Avenue.



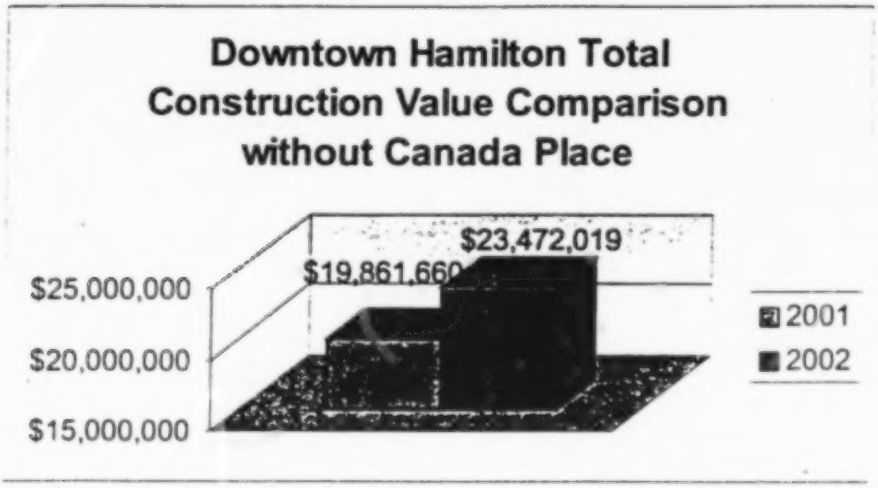
Downtown Hamilton Community Improvement Project Area

A total of 82 building permits, representing a value of $63,472,019, were issued within the Downtown in 2002 representing a 220% increase in construction value over 2001.

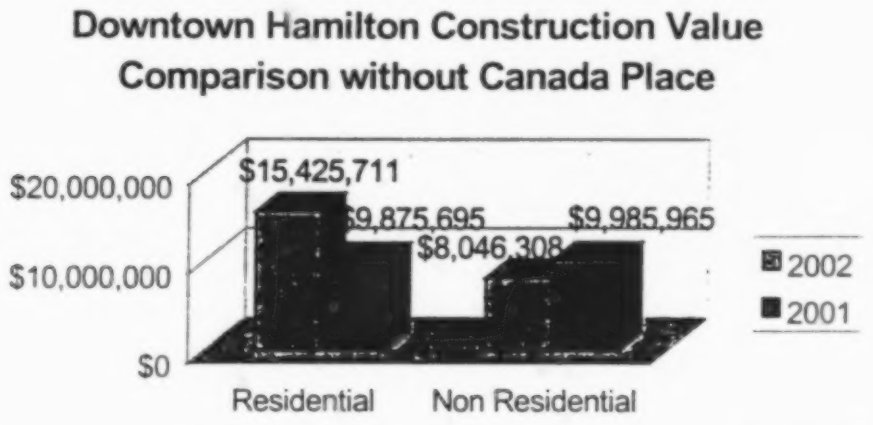
Downtown Hamilton Construction Value Comparison with Canada Place

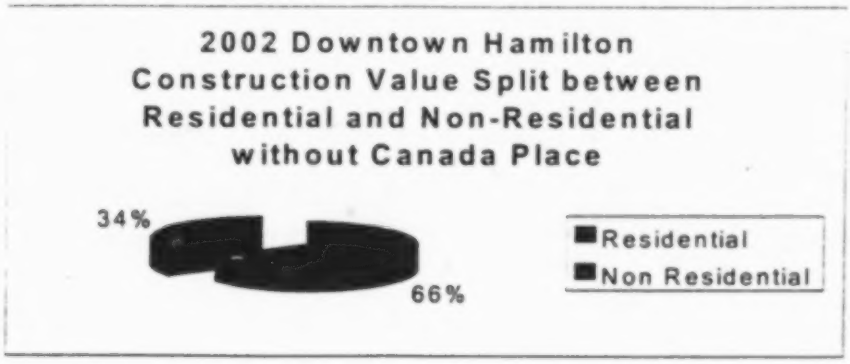


While it is important to realize the dramatic increase in construction value over 2001, it is also important to note that the increase is largely attributed to the construction of Canada Place on Bay Street. In this regard, for the purposes of comparing 2001 construction results with 2002 results, the Canada Place construction value of $40,000,000 will be removed from the above-noted 2002 total. This represents a new 2002 total of $23,472,019 which translates into an 18% increase over 2001 figures.



The 2001/2002 split between residential permits and non-residential is as follows:



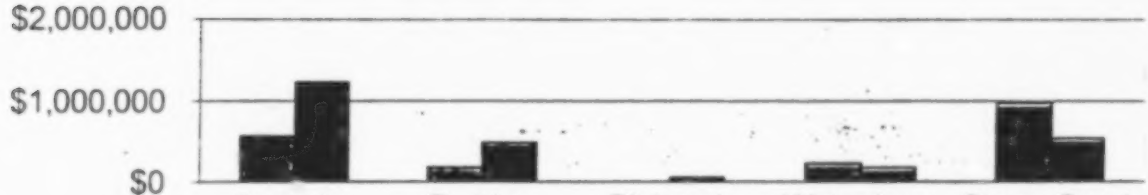


In 2001, we saw an even split in construction value between residential and non-residential building activity. In 2002 excluding Canada Place, as noted above, the split between residential and non-residential construction values is 66% and 34% respectively. Residential construction value increased in 2002 by 56% and non-residential construction value decreased in 2002 by 19%. This is a significant point as it reflects the strategy of Putting People First which is to encourage new residential opportunities in the Downtown. This is a clear indication of Council policy in action.

In 2002, in Downtown Hamilton building permits were issued for the construction of 214 dwelling units representing an increase of 42% over 2001's total of 151 dwelling units. Of these, 192 of the proposed units have been committed through funding from Council under the terms of the Hamilton Downtown Residential Loan Program. Non-residential building permits were issued for alterations / renovations / new construction for over 49,975.07 m2 (537,944.77 ft2) of gross floor area. With Canada Place taken out of the equation, permit gross floor area is recalculated to 13,348.07 m2 (143,682.13 ft2) representing an increase of 16.5 % over 2001 according to the Building and Licensing Division's records.

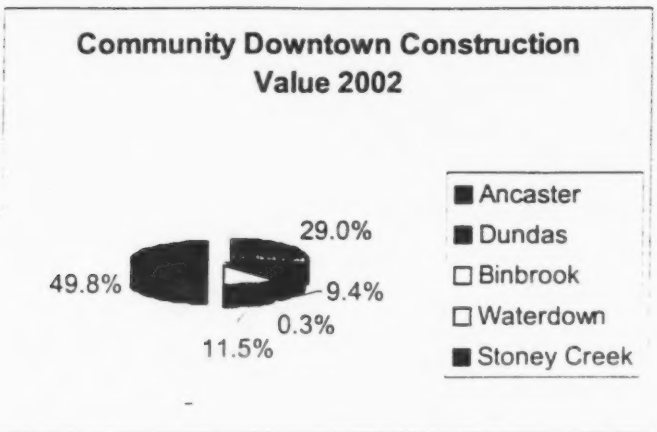
2002 COMMUNITY DOWNTOWN BUILDING ACTIVITY

Community Downtown Construction Value Comparison



	Ancaster	Dundas	Binbrook	Waterdown	StoneyCreek
2002	$566,500	$183,000	$5,000	$225,300	$973,800
2001	$1,205,900	$470,350	$53,000	$185,000	$520,433

Community Downtowns had a total of 55 building permits issued in 2002.



The total construction value of the permits issued in the community Downtowns outside of the core Downtown of Hamilton in 2002 was $1,953,600 down 20% from 2001's total of $2,434,683. Stoney Creek's Downtown led the way with a total of $973,800 largely attributed to a new commercial use in which a Tim Horton restaurant is a tenant. A major construction project in Ancaster relates to an auto-related use and improvements to existing commercial space.

A new restaurant opened and an existing medical office was renovated in Waterdown. Dundas saw the opening of a new hairdressers together with alterations / renovations to existing non-residential space. In Binbrook, an addition to an existing residential space occurred. The Downtown Renewal Division will continue to monitor all construction activity in the downtowns.

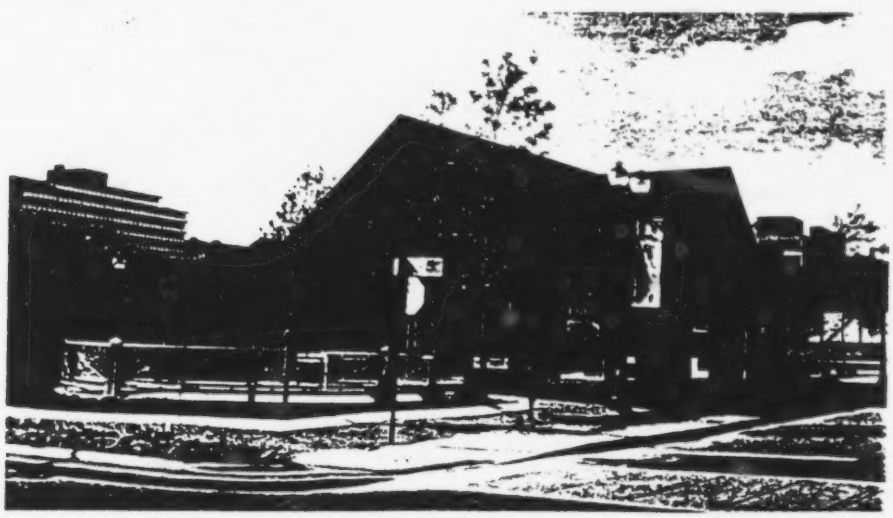
33 King Street West Dundas – Office alterations

279 Dundas Street East, Waterdown – Renovations for Restaurant and Medical Offices

2002 DOWNTOWN SUCCESSES

A number of exciting events have occurred in Downtown Hamilton in 2002. The year marked the start of new business ventures, expanded businesses and the beginning and completion of various redevelopment projects.

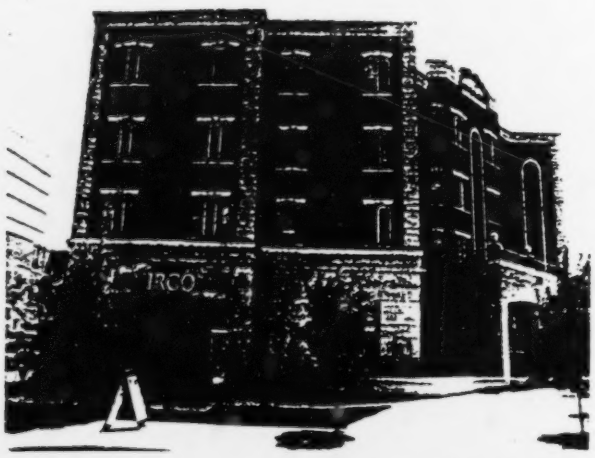
New Businesses and Improvements:



Ferguson Station was completed at Ferguson Street and King Street East

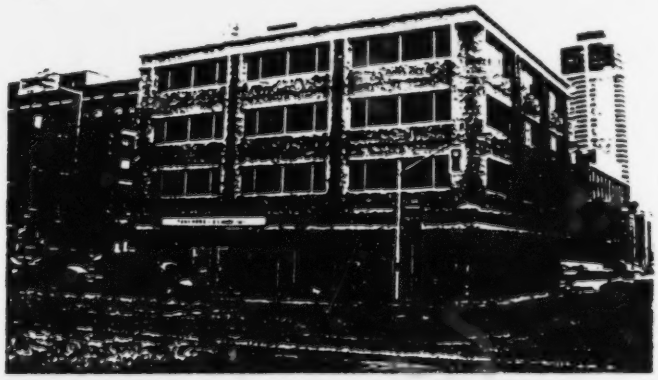
Canada Place under construction on Bay Street

Up Conference Centre opened at 35 John Street South



Bistro Virgo opened on King William Street

Hamilton Internet Café opened / Façade Improvements on John Street South



Teachers Credit Union renovations at James Street South and Jackson Street

Club 77 was renovated on King William Street

Xintra Computer College opened at James Street South and Main Street West

6 Residential Units constructed at 112 Wellington Avenue North

135 Hunter Street – Under construction and upon completion

Other Successes in 2002 included:

Construction was completed on two (2) projects funded under the terms of the Hamilton Downtown Residential Loan Program: 155 James Street South (90 units) and 100 Main Street East (35 units).

Construction of 192 units continued at the Chateau Royale at 135 James Street South and 12 units at 91 Wellington Street North. Both of these projects are funded under the terms of the Hamilton Downtown Residential Loan Program. Work has also continued on Canada Place on Bay Street North. A building permit was issued in November for the conversion of a funeral home on Cannon Street into eight (8) apartments.

London Life renewed its commitment to Downtown Hamilton by signing a new five-year lease and moving its Freedom 55 Financial centre in Hamilton to the heart of the City. The centre now occupies 9,500 square feet of office space on the sixth floor of the Stelco Office Tower located at 100 King Street West.

Bell Canada announced that it will continue its operation Downtown and relocate 550 employees and add an additional 100 employees. Their new central location will be in the Robert Thomson building.

- ***The Werx opened at 121 Hughson Street North***
- ***Acclamation Bar & Grill opened at 191 James Street North at Mulberry.***
- ***Dan Lawrie Insurance Brokers Limited expanded at 105 Main Street East***
- ***Turquoise Turkish Cuisine opened at 60 James Street North***
- ***Zig Zag Zebra Restaurant opened on King Street East***
- ***6 Residential Units were constructed at 62 Victoria Avenue South***
- ***1 Single Detached Dwelling at each of 116 and 118 West Avenue North were constructed***

Public Outreach in 2001

Downtown Renewal Division Staff delivered 15 presentations in 2002 regarding the Downtowns and BIAs across the City to the public stakeholder groups (CHAC), community groups, service clubs, schools and other municipalities. Some of these presentations included the Dundas Rotary AM and PM, a Ministry of Municipal Affairs and Housing Conference in York Region, a Ministry conference in Thunder Bay, Mohawk College and a Small Business Development Seminar. The Director of Downtown Renewal was interviewed in relation to the City of Hamilton, Downtowns and BIAs on Report On Business TV (ROBTV) in Toronto.

LOOKING FORWARD IN 2003

The Downtown Renewal Division completed 27 of 30 projects identified in the Division's 2002 Work program. Unfinished project will be carried forward and completed as part of the 2003 Work program.

The Downtown Renewal Division will lead the development of a new Downtown Zoning By-law and Downtown Development Permit System.

The Division will complete Urban Design plans for Westdale and Concession Street BIAs and submit for Council approval. These plans were a component of the Division's 2002 Work Plan but were held in abeyance pending Commercial Assessment results. Urban Design plans for Ottawa Street and Waterdown BIAs and a community Downtown will be completed this year together with block face designs for James Street North and South.

Commercial Assessments for the remaining six (6) BIAs will be conducted this year (pending Council budget approval) and the assessments that were completed last year will be forwarded to Council this year for their approval.

A principal focus of the Division will be on the continued delivery of the refined programs and communication. Over the year we intend to implement the Division's communications plan designed to "sell" the downtowns and the functions of the Downtown Renewal Division to the private sector and businesses.

Another focus will be to continue working as part of an inter-divisional team doing streetscape plans as indicated to Council in December 2001 as part of the 10 year Capital Improvement Plan for Downtown. We will also complete, with other City staff, the Hatt Street Urban Design Plan and an overall plan for Downtown Dundas. Working with the Heritage and Urban Design Section, we will participate in the development of plans for specific properties as required and for the Binbrook core. The Division will continue to co-ordinate the work of the Downtown West Harbourfront Co-ordinating Committee.

A significant component of the Division's work is focused on supporting BIAs and Advisory Committee's such as the Central Hamilton Advisory Committee (CHAC), the

Ancaster Village Core Advisory Committee, and the Hess Village Pedestrian Mall Authority.

The Downtown Renewal Division is intended to serve as "one stop shopping" on Downtown applications. As such we will work with the Development Division on all Downtown applications.

The Downtown Renewal Division will participate in a strategy for increasing public safety in the Downtown this year. This task requires a multi-disciplinary approach and as such a working group composed of members from different City departments was formed in 2002 to tackle this issue.

The Downtown Renewal Division will administer another RFP for the Commercial Property Improvement Grant Program in March of 2003. Following this, the Division will develop a new loan program for BIAs. The program will be called the Business Improvement Area Residential Intensification Program and will be aimed at not only façade improvements but also for the creation of residential units.

CITY STRATEGIC COMMITMENT:

The information contained within Report PD03042 will aid in the promotion of the redevelopment of properties consistent with both the Downtown Secondary Plan and Vision 2020.

SUMMARY

2002 proved to be another exciting and productive year for the City of Hamilton's Downtowns and BIAs. Building permit activity was strong and indicates a continued re-investment in downtown properties. The Division will continue to work with Council, the public, organizations and other public departments to continue to rejuvenate the Downtowns and BIAs of our City.

JEG